

**DEPARTMENT OF STATE REVENUE****LETTER OF FINDINGS NUMBER: 99-0206 ITC  
International Fuel Tax Agreement (IFTA)  
For Years 1994 AND 1995**

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**ISSUES****I. IFTA – Required records**

**Authority:** IFTA V. D-2; IFTA V. D-6; IFTA VIII. B

Taxpayer maintains it is not responsible for production of records to disprove taxpayer liability.

**II. IFTA – Indiana Fuel Tax Exemption**

Taxpayer claims a credit based on an Indiana fuel tax exemption.

**STATEMENT OF FACTS**

Taxpayer runs a farm/trucking operation involving intrastate grain transport. An audit of the years 1994-1995 found records indicating numerous unreported intrastate and interstate trips with fuel tax accruing. Taxpayer maintained that all interstate and some of the intrastate mileage that was not initially reported was due to use of the vehicles under lease arrangements with one or two trucking companies, while the majority of the mileage originally reported by taxpayer was exempt from fuel taxes under an Indiana exemption for farmers hauling their own agricultural products. As proof of the leases, taxpayer provided a signed statement from one of the trucking companies stating, "[Taxpayer] was leased on with [Trucking Company] in the year 1994," as well as some fuel purchase receipts with this trucking company as purchaser.

**I. IFTA – Required records**

**DISCUSSION**

Taxpayer maintains it is not responsible for the tax based on IFTA V. D 2, which states:

In the case of a carrier using independent contractors under long-term leases (30 days or more), the lessor and lessee will be given the option of designating which party will report and pay fuel use tax. In the absence of a written agreement or contract, or if the document is silent regarding responsibility for reporting and paying fuel use tax, the lessee will be responsible for reporting and paying fuel use tax.

Taxpayer holds that in the event of a lease arrangement that is silent as to tax duty, lessee, not taxpayer, is responsible for the taxes.

Taxpayer does not reconcile this position with the requirements in IFTA VIII B:

Every licensee shall preserve the records for a period of four years from the due date of the return or the date filed, whichever is later. Such records shall be made available upon request by any member jurisdiction.

And IFTA V D 6:

No member jurisdiction shall require the filing of such leases, but such leases shall be made available upon request of any member jurisdiction.

While IFTA does address the tax burden in the event of a silent lease, taxpayer is explicitly directed within the code section cited by taxpayer to make copies of such leases “available upon request.” Taxpayer did not provide any record related to one of the alleged lessees, and provided an incoherent fragment and some receipts related to the other alleged lessee. Given the incomplete proof of the leasing arrangements and the requirement to document such arrangements imposed by IFTA on taxpayer, taxpayer fails to shift the responsibility for these taxes to the entities it identifies as lessees.

**FINDINGS**

Taxpayer appeal is denied.

**II. IFTA – Indiana Fuel Tax Exemption**

**DISCUSSION**

Taxpayer claims a credit for fuel tax paid while purportedly under an Indiana fuel tax exemption. Taxpayer fails to provide proof of these claims, and cites part of the

IRP agreement in support of this contention. Taxpayer has not cited any applicable Indiana statute or IFTA provision. Absent proof and/or a legal argument, taxpayer's appeal cannot be sustained.

### **FINDINGS**

Taxpayer appeal is denied.

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